

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEBRASKA

IN RE:) CASE NO. BK 08-83016
)
TRI-STATE FINANCIAL, LLC, d/b/a) Chapter 11
NORTH COUNTRY ETHANOL,)
)
)
)
THOMAS D. STALNAKER, Trustee,)
)
) Plaintiff,) Adv. Proc No. 10-08052
)
vs.)
)
GEORGE ALLISON, JR.,)
FRANK & PHYLLIS CERNIK;)
CHARLES CLATTERBUCK;)
CHRIS & AMY DANIEL;)
DISTEFANO FAMILY LTD.)
PARTNERSHIP;)
MARK E. EHRHART;)
ROBERT G. GRIFFIN;)
TED HAZER;)
TED HAZER, TRUSTEE OF THE COX)
APARTMENTS TRUST;)
JOHN HOICH;)
DENISE HOICH;)
TIMOTHY JACKES;)
JAMES G. JANDRAIN;)
LINDA L. KLAASMEYER;)
GEORGE KRAMER;)
DAVID LITZEN;)
BERNIE MARQUARDT;)
MARK ROXBURGH;)
RADIO ENGINEERING INDUSTRIES,)
INC.;)
JOSEPH VACANTI, TRUSTEE OF THE)
JOSEPH & CYNTHIA VACANTI)
TRUST; AND)
CENTRIS FEDERAL CREDIT UNION,)
)
Defendants.)
)

CENTRIS FEDERAL CREDIT UNION,)
vs.)
THOMAS D. STALNAKER, Trustee,)
and)
GEORGE ALLISON, JR.,)
FRANK & PHYLLIS CERNIK;)
CHARLES CLATTERBUCK;)
CHRIS & AMY DANIEL;)
DISTEFANO FAMILY LTD.)
PARTNERSHIP;)
MARK E. EHRHART;)
ROBERT G. GRIFFIN;)
TED HAZER;)
TED HAZER, TRUSTEE OF THE COX)
APARTMENTS TRUST;)
JOHN HOICH;)
DENISE HOICH;)
TIMOTHY JACKES;)
JAMES G. JANDRAIN;)
LINDA L. KLASSMEYER;)
GEORGE KRAMER;)
DAVID LITZEN;)
BERNIE MARQUARDT;)
MARK ROXBURGH;)
RADIO ENGINEERING INDUSTRIES,)
INC.; AND)
JOSEPH VACANTI, TRUSTEE OF THE)
JOSEPH & CYNTHIA VACANTI)
TRUST; AND)
Cross-Claim Defendants.)

ANSWER TO ADVESARY COMPLAINT AND ANSWER TO CROSS-CLAIM

Comes now the Defendant, Radio Engineering Industries, Inc. (hereinafter referred as "Radio Engineering") and for its Answer to the Adversary Complaint ("Complaint") filed by Thomas D. Stalnaker (hereinafter referred as the "Trustee") and the Cross-Claim filed by the Defendant, Centris Federal Credit Union (hereinafter referred as "Centris") states and alleges as follows:

ANSWER TO THE ADVERSARY COMPLAINT FILED BY THE TRUSTEE

1. Radio Engineering admits the allegations contained within paragraph 1 of the Trustee's Complaint.

2. Radio Engineering admits the allegations contained within paragraph 2 of the Trustee's Complaint.

3. Radio Engineering is without sufficient information to admit or deny the allegations regarding the alleged co-mingling of funds and therefore denies the same. Radio Engineering admits the remaining allegations contained within paragraph 3 of the Trustee's Complaint.

4. Radio Engineering admits that after the debtor, Tri-State Financial filed this bankruptcy proceeding, the Trustee was appointed. Radio Engineering is without sufficient information to admit or deny the remaining allegations contained in paragraph 4 of the Trustee's Complaint and therefore denies the same, except those allegations which constitute an admission against the Trustee's Interests.

5. Radio Engineering is without sufficient information to admit or deny the allegations contained within paragraph 5 of the Trustee's Complaint and therefore

denies the same, except those allegations which constitute an admission against the Trustee's interests.

6. Radio Engineering is without sufficient information to admit or deny the allegations contained within paragraph 6 of the Trustee's Complaint and therefore denies the same, except those allegations which constitute an admission against the Trustee's interests.

7. Radio Engineering is without sufficient information to admit or deny the allegations contained within paragraph 7 of the Trustee's Complaint and therefore denies the same, except those allegations which constitute an admission against the Trustee's interests.

8. Radio Engineering admits that the Trustee is holding \$1,190,000.00 and that there are parties, including Radio Engineering, alleging competing interests in the same. However, Radio Engineering denies the allegations contained in paragraph 8 of the Trustee's Complaint which states that these funds are property of the bankruptcy estate.

9. Radio Engineering admits paragraph 9 of the Trustee's Complaint.

10. For further answer and by way of an affirmative defense, Radio Engineering states that the Trustee has failed to state a cause of action in which relief can be granted.

11. For further answer and by way of an affirmative defense, Radio Engineering states that it owns an interest in the funds currently being held by the Trustee, and that Centris is estopped from asserting its alleged superior interest in the funds being held by the Trustee.

12. For further answer and by way of an affirmative defense, Radio Engineering states that Centris has waived its alleged superior interest in the funds currently being held by the Trustee as a result of its knowledge of an agreement between the debtor, Tri-State Financial and Radio Engineering wherein Tri-State Financial acquired Radio Engineering's position in said entity and wherein Radio Engineering specifically reserved its right to recover its portion of the funds currently being held by the Trustee.

13. For further answer and by way of an affirmative defense, Radio Engineering states that any alleged interest owned by Centris in the funds held by the Trustee, is junior and subordinate to the interest held by Radio Engineering.

WHEREFORE, Radio Engineering having fully answered the Trustee's Complaint prays that the same be dismissed with prejudice; that the Court enter an Order finding that Radio Engineering has a superior right to the proceeds being held by the Trustee; that the Court enter an Order dispersing those proceeds which Radio Engineering is found to be entitled to; and such other and further relief as the Court deems just and proper.

ANSWER TO CROSS-CLAIM FILED BY CENTRIS

1. In response to paragraph 19 of Centris's Cross-Claim, Radio Engineering states that it is without specific information to admit or deny the allegations contained within paragraphs 1 through 4 of Centris' Answer except those allegations which constitute an admission against Centris' interests.

2. In further response to paragraph 19 of Centris' Cross-Claim, Radio Engineering denies the allegations contained in paragraph 5 of Centris' Answer, except those allegations which constitute an admission against Centris' interests.

3. In further response to paragraph 19 of Centris' Cross-Claim, Radio Engineering is without sufficient information to admit or deny the allegations contained within paragraphs 6 through 9 of Centris' Answer, except those allegations which constitute an admission against Centris' interests.

4. In further response to paragraph 19 of Centris' Cross-Claim, Radio Engineering denies the allegations stated in paragraph 10 of Centris' Answer, except those allegations which constitute an admission against Centris' interests.

5. In further response to paragraph 19 of Centris' Cross-Claim, Radio Engineering states that it is without sufficient information to admit or deny the allegations contained within paragraphs 11 through 15 and paragraph 17 of Centris' Answer and therefore denies the same, except those allegations which constitute an admission against Centris' interests.

6. In further response to paragraph 19 of Centris' Cross-Claim, Radio Engineering admits the allegations contained within paragraph 16 of Centris' Answer.

7. In further response to paragraph 19 of Centris' Cross-Claim, Radio Engineering denies the allegations contained within paragraph 18 of Centris' Answer, except those allegations which constitute an admission against Centris' interests.

8. Radio Engineering admits the allegations contained within paragraph 20 of Centris' Cross-Claim.

9. Radio Engineering is without sufficient information to admit or deny the allegations contained within paragraph 21 of the Cross-Claim and therefore denies the same, except those allegations which constitute an admission against Centris' interests.

10. Radio Engineering admits the allegations contained within paragraph 22 of the Cross-Claim.

11. Radio Engineering admits that it is a corporation but denies that it is a current member of the Debtor, Tri-State Financial. Radio Engineering is without sufficient information to admit or deny the remaining allegations contained in paragraph 23 of the Cross-Claim and therefore denies the same, except those allegations which would constitute an admission against Centris' interests.

12. Radio Engineering denies each and every allegation contained within paragraph 24 of the Cross-Claim, except those allegations which constitute an admission against Centris' interests.

13. For further answer and by way of an affirmative defense, Radio Engineering states that Centris has failed to state a cause of action in which relief can be granted in its Cross-Claim.

14. For further answer and by way of an affirmative defense, Radio Engineering states that it has an interest in the funds being held by the Trustee.

15. For further answer and by way of an affirmative defense, Radio Engineering states that Centris' alleged security interest in the funds currently being held by the Trustee is junior and inferior of the interest of Radio Engineering in the same.

16. For further answer and by way of an affirmative defense, Radio Engineering states that Centris' alleged security interest in the funds currently being held by the Trustee is/or should be subrogated to the rights of Radio Engineering in the same.

17. For further answer and by way of an affirmative defense, Radio Engineering states that it owns an interest in the funds currently being held by the Trustee, and that Centris is estopped from asserting its alleged superior interest in the funds being held by the Trustee.

18. For further answer and by way of an affirmative defense, Radio Engineering states that Centris has waived its alleged superior interest in the funds currently being held by the Trustee as a result of its knowledge of an agreement between the debtor, Tri-State Financial and Radio Engineering wherein Tri-State Financial redeemed Radio Engineering's equity in said entity and wherein Radio Engineering specifically reserved its right to recover its portion of the funds currently being held by the Trustee.

WHEREFORE, Radio Engineering having fully answered the Centris' Cross-Claim prays that the same be dismissed with prejudice; that the Court enter an Order finding that Radio Engineering has a superior right to the proceeds being held by the Trustee; that the Court enter and Order dispersing those proceeds which Radio Engineering is entitled to and such other and further relief as the Court deems just and proper.

RADIO ENGINEERING INDUSTRIES, INC.,
Secured Creditor

By/s/ Michael J. Whaley

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the Notice of Filing Motion for Relief from the Automatic stay was served upon the following individuals listed below by regular United States mail, postage prepaid, or electronically*, on the 20th day of October, 2010.

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